

6. The changes explained

Contractual Terms

1. Removal of paid 30 minute lunch breaks

- The business has not taken this change lightly. We need to invest our money in the right benefits package now and in the future.
- We looked at other businesses to consider the competition and the norms in benefits packages. We want to be competitive and be known for right benefits packages. We considered that many businesses don't pay for lunch breaks. It is meant to be a break from work to have lunch and we therefore believe the long break should not be paid. We have decided to keep the 10 minute break paid as this is for a short relief break for shifts of 4 hours or more.
- The decision of removing the paid lunch break will not impact your contracted pay; we will where possible keep providing you with your agreed contracted hours. The business is therefore not looking at making immediate savings however will ask the store managers to consider the appropriate contract hours for new hires into the business.
- It may mean the extension of your working shift if the shift length warrants a 30 minute paid break. (For example if you work a 7 hour shift you will be put on the rota for 7.5 hours to account for your 30 minute break)
- To keep in line with Working Time Directive issued by the European Union, we have changed the 6 hour shift to incorporate a 10 minute break and a 30 minute unpaid break.

Shift Length	Break
Under 4 Hours	No Break
4 hours or over, but under 6 hours	10 minutes (paid)
6 hours or over	30 minutes (unpaid) and 10 minutes paid

Under 18s Shift Length	Break
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Under 4 Hours	No Break
4 hours or over, but under 6 hours	10 minutes (paid)
4 hours and 30 mins and over,	30 minutes (unpaid) and 10 minutes paid

2. Store zone rate realignments which may lead to your rate of pay being increased or may result in your rate of pay being “red circled”
(i.e. frozen until it comes in line with the new rate for your zone)

- A review of our zone allowances has taken place. As a result a number of stores will see their zone allowance change.
- We have agreed that all partners will this year receive at least 1% pay increase.
- Each store's zone rate will either increase, remain the same or decrease.
- If the zone rate for this store decreases the zone rate paid to you will remain in place; it will not decrease to the new zone allowance rate.
- You will not however receive a pay increase until the rate of pay for your role in your store catches up.
- An additional letter will be provided to you with your details of zone allowance.

Example:

- Your zone allowance is currently 30p per hour, and your current hourly rate of pay is £6.75.
- The new zone rate for your store is 10p per hour, therefore the rate of pay for your role is now £6.55 per hour. You are therefore paid 20p per hour more than you should be.
- You will continue to be paid £6.75 provided you continue to work in your current role and in your current store.
- You will not receive an increase in your hourly rate of pay until the hourly rate of pay for your role in your store becomes greater than £6.75 per hour. At this stage your rate of pay will be increased in line with the correct rate of pay for the store.
- Until that time you will be “red circled” i.e. you will not be subject to an increase in pay.

- If the zone rate for this store increases the zone allowance paid to you will be increased in line with the new zone allowance. e.g. if your current zone allowance is 10p but the new zone allowance for the store is 30p your zone allowance will be increased to 30p.
- If partners move store they will go onto the new rate for that specific store.
- You will receive a letter to confirm the specifics of this change separately. *All figures used in example scenarios are for example purposes only.*

3. 1st day of sickness absence in any period of absence to be unpaid (Company Sick Pay to be paid from day 2)

- The majority of our sickness absence comes from short term absence, in particular from absences of 3 days or less.
- We currently pay company sick pay from day one. This leads to a considerable cost for the company and we have reviewed our company sick pay policy as a result. It is not just the financial cost of paying partners for their sickness absence we have considered, but also the impact this has on partners left to run the shift.
- The company sick pay levels offered by the company are ahead of the retail norm and we have taken the decision to maintain these enhanced payments as we want to support partners who genuinely find themselves unable to work through sickness absence.
- Instead, we will change the timings from which we pay enhanced company sick pay. We will start paying available company sick pay to partners from the second day of any sickness absence period.

4. Removal of Maternity Return Bonus

- The company has reviewed elements of the benefits given to partners and we are keen to ensure benefits are offered to all in a fair and consistent manner.
- A bonus to partners returning from maternity leave is only currently available for a small percentage of our partners.
- The survey and consultation indicated that it is not considered a valued benefit and we will therefore remove this benefit from 21st January 2013.

5. Introduction of Workplace Pension Scheme

- We are pleased to be able to offer, for the first time, a contributory pension scheme to all our store partners whereby in return for you making contribution to the scheme, the company will make a contribution to the scheme in order to invest in your future.
- We will look to provide every partner in the workplace pension the Company will contribute as follows: (we reserve the right to amend as and when the business requires)

Partner Role	Partner Contribution (of salary)	Company Contribution (of salary)
Barista & SSv	1%	1%
ASM*	2%	2%
SM*	3%	3%

** This illustrates the enhanced offer to SM & ASM. If SM & ASM wishes to contribute only 1% of salary the company will match their 1% contribution*

- There is no legal requirement for partners to remain in the pension and therefore there is an opt-out process if you do not wish to take part. You can opt out at any time. If you wish to opt out you must contact the pension company directly; details will be passed to you upon enrolment. This would be introduced with effect from 1st April 2013

6. Bank holiday payments

- The business initially proposed to make the hourly paid rate on the three recognised bank holidays of Christmas Day, Boxing Day & New Year's Day as a normal pay rate. From overwhelming feedback from the survey, partners and Partner Blend we have decided to continue to pay time and a half for these three named bank holidays for baristas and shift supervisors.

Non Contractual Terms

7. Store Partner Bonus

- The current store partner bonus will be replaced by a new 'STAR (Store Team Achievement Reward)' and 'SPB - Store Partner Bonus ' (details overleaf). We believe that these schemes will be better managed and provide consistent reward to outstanding partners who lead by example and stores that deliver world class service to our customers and stakeholders.

8. General

- Below is a high level summary of other benefits that you receive. Through consultation some of these have changed and some have remained the same, we also discovered that some are not even known about!
- We do not need to seek formal consent to these changes as they are given at the Company's discretion and can be changed at any time, but we include them below so that you have the whole picture.

Benefit	Notes	Award
Beanstock	Unchanged	Annual stock allocation based on role
Birthday Cards	Adjusted	Removal of Birthday cards. Bakery good code to be issued in store for free birthday treat.
Anniversary Cards	Adjusted	Cards available through Gist to recognise 5, 10, 15, 20 years (previously available for every anniversary)
5 year Anniversary	Unchanged	Pen & additional unpaid time off up to 4 weeks
10 year Anniversary	Unchanged	Plaque, one week's additional paid leave and unpaid leave up to 8 weeks
Partner / Manager of the Quarter	Adjusted	Apron & £200 (gross) Cash award* – POQ / Plaque – MOQ (*SPB)
Partner / Manager of the Year	Adjusted	Plaque (previously included a cash award)
Life Cover	Adjusted	One times salary from start date (Previously only available after 3 months service)
Maternity hamper	Adjusted	Baby hamper will be replaced by a card and Starbucks baby grow & bib
SPB - Store Partner Bonus	NEW!	Quarterly Bonus of £200 (gross) given to three selected partners per district. SM nominates partners and DM makes final decision.
STAR (Store Team Achievement Reward)	NEW!	3 stores per region per quarter will be awarded store of the quarter. £500 will be given to store team (divided equally to the team).
Partner discounts & beverages	Unchanged	Weekly partner markout, 30% discount, free beverages and 50% discount on food when on shift
EMEA Partner Passion Fund	NEW!	Replaces the Partner Fund. It will launch in FY13, and will be easier to access with fewer rules.
Partner Life	Unchanged	24 hour, 365 days a year free independent advice and counselling line.
Blend Partner Discounts	Unchanged	Online platform that allows you to make savings on everything from food to travel www.partnerdiscounts.co.uk
Cycle to work scheme	Unchanged	Buy a cycle and receive tax relief, so you pay less.



7. Partner terms & conditions change acceptance form

I agree below with effect from 21st January 2013 (Workplace Pension from 1st April 2013) to my terms and conditions of employment and I acknowledge the collective consultation has come to an end.

CONTRACTUAL CHANGES WITH EFFECT FROM 21st January 2013
30 minute lunch break is unpaid from shifts of 6 hours or more.
Agreed contract hours change (if applicable) Your contracted hours will change from <u>N/A</u> to <u>N/A</u> per week.
Store Zone Allowance (Barista & SSv only) - This agreement recognises that my pay may be; <ul style="list-style-type: none">• Red circled if the new store zone allowance is less than I am currently receiving. I understand that my current rate of pay will not be reduced.• Increased in line with the new zone allowance if the new store zone allowance is more than I am currently receiving. I understand that I will receive a separate letter confirming the outcome.
1 st day of sickness absence to be unpaid in any one period of sickness absence. Company Sick Pay to be paid from day two of sickness absence.
Removal of Maternity Return Bonus.
The introduction of a new workplace pension scheme with contributions to be made by both Starbucks and the partners with effect from [1 April 2013], subject to the rules of the scheme from time to time. The company reserves the right to vary or withdraw access to any such scheme. Further details will be